



Secretary of State
Business Programs Division

1500 11th Street, 3rd Floor
Sacramento, CA 95814

Business Entities
(916) 657-5448

CONVERSION OF A CALIFORNIA LIMITED LIABILITY COMPANY INTO A CALIFORNIA STOCK CORPORATION

A California limited liability company can be converted into a California stock corporation by filing Articles of Incorporation containing a statement of conversion.

The attached sample meets the minimum statutory requirements for Articles of Incorporation containing a statement of conversion for a general stock corporation (see California Corporations Code commencing with sections [200](#), [1150](#) and [17540.1](#)) and may be used as a guide in preparing documents. Modifications can be made to add permissive provisions and/or to meet the specific statutory requirements for a professional or close corporation. The Secretary of State does not provide a standardized form due to the many possible drafting variations.

Articles of Incorporation containing a statement of conversion cannot be processed using the preclearance, expedite, wait for or rush letter service and are not filed in the regional offices. Documents must be mailed or hand delivered for over-the-counter processing to the Sacramento office at:

Business Programs Division
1500 11th Street
Sacramento, CA 95814
Attention: Document Filing Support Unit

(916) 657-5448

The **filing fee** for Articles of Incorporation containing a statement of conversion is **\$150.00**. A \$15.00 **special handling fee** is applicable for processing documents delivered in person at the Sacramento office. The \$15.00 special handling fee must be remitted by separate check for each submittal and will be retained whether the documents are filed or rejected. The special handling fee does not apply to documents submitted by mail. Check(s) should be made payable to the Secretary of State.

The original and at least two copies should be included with your submittal. The Secretary of State will certify two copies of the filed document without charge, **provided that the copies are submitted to the Secretary of State with the document to be filed**. Any additional copies submitted will be certified upon request and payment of the \$8.00 per copy certification fee.

To facilitate the processing of documents mailed to the Secretary of State, a self-addressed envelope and a letter referencing the corporate name as well as the sender's name, return address and telephone number should be included with the submittal.

PLEASE NOTE: Businesses incorporating in California are subject to California corporation franchise tax requirements until such time as they formally dissolve. Information regarding franchise tax requirements can be obtained from the [Franchise Tax Board's website](#) or by calling the Franchise Tax Board at 1-800-852-5711.

The Secretary of State does not license corporations or business entities. For licensing requirements, please contact the city and/or county where the principal place of business is located and/or the state agency with jurisdiction over the business, e.g. Contractors State License Board.

(Please see reverse)

When forming a new corporation you may need to contact one or more of the following agencies for additional information:

- The [Franchise Tax Board](#) – for information regarding **franchise tax** requirements.
- The [Board of Equalization](#) – for information regarding **sales tax** and/or **use tax** liability.
- The [Department of Corporations](#) – for information regarding **issuance and sale of securities** in California, Franchise Investment Law, Personal Property Brokers Law and/or Escrow Law requirements.
- The [Department of Insurance](#) – for information regarding **insurer** requirements.
- The [Department of Financial Institutions](#) – for information regarding the organization of **banks** and **corporate name style** requirements.
- The [Department of Consumer Affairs](#) – for information regarding **licensing** requirements.
- The [Employment Development Department](#) – for information regarding **disability unemployment insurance tax**.
- The [Department of Industrial Relations](#), Division of Workers' Compensation – for information regarding **workers' compensation** requirements.
- The county where the principal place of business is located – for information regarding business licenses, fictitious business names (if doing business under a name other than the corporate name), and for specific requirements regarding zoning, building permits, etc. based on the business activities of the corporation. To determine the applicable county agency, please refer to the list of California counties provided on the [California State Association of Counties](#) website.
- The [Internal Revenue Service](#) (IRS) – for information regarding **federal employer identification numbers**.



Secretary of State
Business Programs Division

1500 11th Street, 3rd Floor
Sacramento, CA 95814

Business Entities
(916) 657-5448

EXPANSION OF PRECLEARANCE AND EXPEDITED FILING SERVICES (Effective Monday, October 2, 2006)

We are pleased to announce that our preclearance and expedited filing services have been expanded to include all business entity documents filed with the Secretary of State pursuant to the California Corporations Code, the California Financial Code or the California Insurance Code. These services, previously offered only for specified corporate documents, are now available for all corporate, limited liability company and limited partnership documents, including interspecies mergers and conversions, and for all other documents filed by other entity types. In addition, the number of copies required to be submitted for the preclearance service has been reduced from two to one.

Preclearance service provides a customer with the opportunity to submit a business entity document in person to the Secretary of State's Sacramento office prior to filing to determine if the document conforms to law and to receive a preclearance response within a guaranteed time frame.

Expedited filing service provides a customer with the opportunity to submit for filing a business entity document in person to the Secretary of State's Sacramento office and to receive a filing response within a guaranteed time frame.

Please refer to the Secretary of State's website at <http://www.ss.ca.gov/business/precexp.htm> for detailed information regarding the preclearance and expedited filing services.

Authority cited: Title 2, California Code of Regulations, sections 21904 and 21905; and Government Code section 12182.

CONVERSION OF A CALIFORNIA LLC INTO A CALIFORNIA STOCK CORPORATION

INSTRUCTIONS:

The Articles of Incorporation containing a statement of conversion must be drafted to include all the provisions required by the California Corporations Code. The articles may include other provisions (such as the names and addresses of the initial directors) if permitted under California law. The attached sample meets the minimum statutory requirements and should only be used as a guide in preparing documents. The document **must** be typed with letters in dark contrast to the paper. Documents not suitable for reproduction will be returned unfiled.

Article I – The articles must include the name of the corporation, which name must be exactly as you want it to appear on the records of the Secretary of State.

Article II – This **exact** statement is required by the Corporations Code and cannot be modified.

Article III – The articles must include the name of the initial agent for service of process. The designated agent, whether an individual or a corporation, **must** agree to accept service of process on behalf of the corporation prior to designation.

- If an individual is designated as agent, a California address must be included.
- If a corporation is designated as agent:
 - that other corporation **must have previously filed** with the Secretary of State, a certificate pursuant to Corporations Code [section 1505](#). Note, a corporation cannot designate itself as its own agent for service of process.
 - the address of the designated corporation must be omitted.

Article IV – The articles must include the total number of shares the corporation will be authorized to issue.

NOTE: Before shares of stock are sold or issued the corporation must comply with the Corporate Securities Law administered by the [Department of Corporations](#). For information regarding permits to issue shares please contact that agency.

Article V – The articles must include a statement of conversion. (Corporations Code sections [1157](#) and [17540.6](#).) If the class of interests entitled to vote or the percentage vote required is different from the sample, please refer to Corporations Code [section 17540.3](#) and modify the articles accordingly.

The statement of conversion must be signed and acknowledged by all of the managers of the limited liability company, unless a lesser number is provided in the articles of organization or the operating agreement. (See Corporations Code [section 17001\(a\)](#), for the definition of “acknowledge.”)

If initial directors are named in the articles, additional signatures and acknowledgements may be necessary since the articles must also be signed and acknowledged by the named initial directors. If initial directors are not named in the articles, the individuals executing the document are the incorporators of the corporation. (See Corporations Code [section 200\(b\)](#).)

SAMPLE - Conversion Of A California LLC Into A California Stock Corporation

ARTICLES OF INCORPORATION WITH STATEMENT OF CONVERSION

I

The name of this corporation is _____ (NAME OF CORPORATION) _____.

II

The purpose of the corporation is to engage in any lawful act or activity for which a corporation may be organized under the **GENERAL CORPORATION LAW** of California other than the banking business, the trust company business or the practice of a profession permitted to be incorporated by the California Corporations Code.

III

The name and address in the State of California of this corporation's initial agent for service of process is:

Name _____

Address _____

City _____ State **CALIFORNIA** Zip _____

IV

This corporation is authorized to issue only one class of shares of stock; and the total number of shares which this corporation is authorized to issue is _____.

V

(Statement of Conversion)

The name of the converting California limited liability company is (NAME OF CALIFORNIA LLC) . The limited liability company's California Secretary of State file number is _____. The principal terms of the plan of conversion were approved by a vote of the members, which equaled or exceeded the vote required under [Section 17540.3](#). There is one class of members entitled to vote and the percentage vote required is a majority in interest of the members. The limited liability company is converting into a California stock corporation.

It is hereby declared that I am the person who executed this instrument, which execution is my act and deed.

(Signature of Manager)

(Typed Name of Manager), Manager of (NAME OF CALIFORNIA LLC) and Incorporator

(Signature of Manager)

(Typed Name of Manager), Manager of (NAME OF CALIFORNIA LLC) and Incorporator

This sample is only to be used as a guide in preparing Articles of Incorporation containing a statement of conversion. This sample meets the minimum statutory requirements; for other scenarios, refer to the California Corporations Code commencing with sections [200](#), [1150](#) and [17540.1](#).